UNIVERSITY OF SASKATCHEWAN

PENSION PLAN FOR THE ELIGIBLE EMPLOYEES AT THE UNIVERSITY OF SASKATCHEWAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits of the Pension Plan for the Eligible Employees at the University of Saskatchewan as at December 31, 2007 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 2007 and the changes in the net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
April 30, 2008

Fred Wendel, CMA, CA
Provincial Auditor

PENSION PLAN FOR THE ELIGIBLE EMPLOYEES AT THE UNIVERSITY OF SASKATCHEWAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
As at December 31

Statement 1

	2007	2006
Assets		
Segregated fund investments	$ 43,491,379	$ 43,175,018
Contributions receivable:		
Employee	176,879	165,068
Employer	176,879	165,054
	353,758	330,122
Total assets	43,845,137	43,505,140
Liabilities		
Accounts payable	60,444	33,132
Total liabilities	60,444	33,132
Net Assets Available for Benefits (Statement 2)	$ 43,784,693	$ 43,472,008

(See accompanying notes)

PENSION PLAN FOR THE ELIGIBLE EMPLOYEES AT THE UNIVERSITY OF SASKATCHEWAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For The Year Ended December 31

Statement 2

	2007	2006
Increase in Assets		
Current period change in fair values of investments	$ (399,795)	$ 5,092,940
Contributions:		
Employee	2,087,006	1,849,586
Employer	2,087,062	1,849,531
Other transfers and contributions	299,887	116,311
	4,473,955	3,815,428
Total increase in assets	4,074,160	8,908,368
Decrease in Assets		
Plan expenses (Note 5)	254,626	254,396
Refunds and transfers:		
Terminations	1,992,068	2,318,226
Retirements	1,514,781	1,040,807
Deaths	-	167,007
	3,506,849	3,526,040
Total decrease in assets	3,761,475	3,780,436
Increase in net assets	312,685	5,127,932
Net assets available for benefits at beginning of year	43,472,008	38,344,076
Net assets available for benefits at end of year (Statement 1)	$ 43,784,693	$ 43,472,008

(See accompanying notes)

PENSION PLAN FOR THE ELIGIBLE EMPLOYEES AT THE UNIVERSITY OF SASKATCHEWAN

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007

1. Description of the Plan

The following description of the Pension Plan for the Eligible Employees at the University of Saskatchewan (formerly The Pension Plan for the Eligible Employees at the University of Saskatchewan, 1974) (the Plan) is a summary only. For more complete information, reference should be made to the Plan Document.

a) General

The Plan is a contributory money purchase pension plan open to certain eligible employees at the University of Saskatchewan who are employed full time or part time, provided that the employee is not an active participant in any other formal plan in effect at the University. Participation in the plan is voluntary and enrollment is on the first day of the month coincident with or immediately following the date the employee elects to join the Plan. The plan is registered under the Pension Benefits Act, 1992 (Registration #0364174).

The Plan is administered by the Research Pension Plan Committee, composed equally of appointees of the Board of Governors and representatives selected directly or indirectly by the Members. The Committee provides recommendations to the Board of Governors in matters of Plan amendments and also maintains liaison with all those concerned with the operations of the Pension Plan, including the Board of Governors, the trustee, the investment advisor, the actuary and the members of the Plan.

b) Investments

The Plan receives and holds, in trust, the University's and members' contributions as well as the related investments and investment income derived from these contributions. The investment income credited to member accounts is the full market rate of return earned after deducting the expenses of the Plan.

The Plan's assets are invested in segregated funds approved by the Board of Governors. Members have the ability to select an investment strategy that is suitable for their own retirement investment needs. Members bear the investment risk and reap the rewards of investment performance, as plan benefits are limited to the market value of accumulated balance of each member's accounts.

c) Retirement Benefits

The normal retirement date in respect of professional employees is the June 30th coincident with or next following the attainment of age 67. The normal retirement date in respect of all other employees is the month end following the attainment of age 65. The annual amount of pension, which can be provided to

the member, will be determined by the amount standing to the member's credit in the Member Account and the Employer Account.

d) Termination Benefits

A member who terminates employment with the University prior to the normal retirement date and prior to actual retirement date may elect:

i) to transfer to a locked-in Registered Retirement Savings Plan;

ii) to receive a partial cash refund or non locked-in transfer of contributions to December 31, 1993 plus locked-in transfer of balance; or

iii) to transfer the funds to purchase an immediate or deferred annuity.

e) Death Benefits

If a member without a spouse dies before retirement, the Plan pays the accumulated balance of the member's account to the date of death to the designated beneficiary or member's estate. If a member with a spouse dies before retirement, the spouse can buy an immediate or deferred annuity, transfer the balance to a Registered Retirement Savings Plan, transfer the balance to a Prescribed Registered Retirement Income Fund, or receive a lump sum payment equal to the accumulated balance of the member's account.

f) Required Contributions

Active members and the employer are each required to contribute the following, subject to the Income Tax Act limits:

i) for professional employees: 6.82% of the member's pensionable earnings

ii) for non-professional employees: 5% of the member's pensionable earnings

iii) for employees of the Canadian Light Source who are members of the Communication, Energy and Paperworkers' Union, Local 609: 8% of the member's pensionable earnings.

iv) for employees with less than full-time continuous employment who are eligible to join the plan: 5% of the member's pensionable earnings.

g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered significant.

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members.

b) Segregated Fund Investments

Units in the segregated funds are recorded in the accounts at their net asset value per unit. Net asset value per unit is the market value of the investments in the segregated fund's portfolio divided by the total number of outstanding units in that fund. Any increase/decrease in the value of the segregated funds is accounted for in the statement of changes in net assets available for benefits as a current period change in fair values of investments.

c) Recent Accounting Pronouncements

Effective January 1, 2008, the Plan will be required to adopt the Canadian Institute of Chartered Accountants (CICA) handbook sections 3862 – Financial Instruments – Disclosures, and 3863 – Financial Instruments – Presentation. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which the Plan is exposed, and how the risks are managed by the Plan. Section 3863 provides standards for the presentation of financial instruments and non-financial instrument derivatives. The Plan does not expect the adoption of these new standards to have a material impact on its financial statements.

3. Financial Instruments

For the following financial instruments, the fair value approximates their carrying value due to the immediate or short-term nature of these instruments:

a) contribution receivables, and
b) accounts payable

The Plan is exposed to minimal credit risk from potential non-payment of receivables as they are collected shortly after year-end.

The value of the Plan's investments is affected by changes in nominal interest rates, currency rates, and equity markets. The Plan manages these risks by investing in segregated funds that are comprised of various pooled funds. The fair value of the segregated funds reflects their market value, the calculation of which is described in

Note 2. The balances in these segregated funds are a debt due by Sun Life Financial to the Plan. The Plan does not own the underlying assets in these funds; Sun Life Financial does. The pooled funds have no fixed interest rate, and its returns are based on the performance of the fund.

Credit risk arises from the potential for an issuer to default on its contractual obligations to the Plan. The Plan limits credit risk by dealing with issuers that are considered to be high quality.

4. Investment Performance

The investment managers make day-to-day decisions on whether to buy or sell investments in order to achieve the long-term investment performance objectives set by the Plan. It is these long-term investment performance objectives that are used to assess the performance of the investment managers. The primary long-term investment performance objective for the entire portfolio is to out-perform a benchmark portfolio.

The following is a summary of the Plan's investment performance as at December 31, 2007:

Fund	1 year
Money Market	
Return	4.5%
Objective	4.4%
Bond Fund	
Return	3.6%
Objective	3.7%
Conservative Life Cycle Fund	
Return	2.0%
Objective	2.5%
Balanced Life Cycle Fund	
Return	-1.2%
Objective	0.1%
Aggressive Life Cycle Fund	
Return	-2.9%
Objective	-1.1%
Canadian Equity Fund	
Return	6.8%
Objective	9.8%
U.S. Equity Fund	
Return	-10.6%
Objective	-10.5%
International Equity Fund	
Return	-9.2%
Objective	-5.7%

The annual returns are before deducting investment expenses.

The Plan's objective for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the S&P/TSX Capped Composite Index, Standard & Poor's 500 U.S. Stock Index, Morgan Stanley Europe, Australia and Far East Index, DEX Universe Bond Index and 91-Day Canadian Treasury Bills.

5. Plan Expenses

	2007		2006
	Budget	Actual	Actual
Investment management fees	$ 89,200	$ 87,176	$ 83,575
Trustee fees	160,000	158,565	155,108
Administration fees	11,200	8,885	15,713
Consulting services	17,000	-	-
Total	$277,400	$254,626	$254,396

6. Related Parties

The Plan is related to the University of Saskatchewan and other pension plans sponsored by the University of Saskatchewan.

The University of Saskatchewan pays for general administration and consulting costs. A portion of the administration fees, which the University of Saskatchewan incurs, is charged back to the Plan. The expenses charged by the University of Saskatchewan in 2007 were $8,885 (2006 - $9,686).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.